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Control, performance management systems and identification processes

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Abstract

Is it possible to control identities using performance management systems (PMSs)? This paper explores the theoretical fusion of management accounting and identity studies, providing a synthesised view of control, PMSs and identification processes. It argues that the effective use of PMSs generates a range of *obtrusive mechanistic* and *unobtrusive organic controls* that mediate identification processes to achieve a high level of identity congruency between individuals and collectives—groups and organisations.

This paper contends that mechanistic control of PMSs provides *sensebreaking* effects and also creates structural conditions for *sensegiving* in top-down identification processes. These processes encourage individuals to continue the bottom-up processes of *sensemaking*, *enacting identity* and *constructing identity narratives*. Over time, PMS activities and conversations periodically mediate several episode(s) of identification to connect past, current and future identities. To explore this relationship, the dual locus of control—collectives and individuals—is emphasised to explicate their interplay. This multidisciplinary approach contributes to explaining the multidirectional effects of PMSs in obtrusive as well as unobtrusive ways, in order to control the nature of collectives and individuals in organisations.

Key words

Control, performance management systems, organisational identity, identification, sensegiving, sensemaking, identity narratives

1. Introduction

Organisations implement various management control strategies to influence members' behaviours. The use of performance management systems (PMSs) has become one of the key approaches adopted by organisational leaders to not only monitor performance but also foster organisational self-discovery. This paper explores how organisations can use a range of multidisciplinary forms of knowledge, focusing on an analysis of three concepts—control, PMSs and identities. The value of this multidisciplinary approach lies in its ability to explore how current management accounting and identity studies can be collectively used to create positive organisational environments and performance outcomes.

Accounting literature has extensively discussed the conceptualisation and operationalisation of effective PMSs as one of the numerous available *management control systems* (MCSs). The theoretical boundary of those systems has been extended, incorporating a range of hard and soft controls to quantify and influence multiple aspects of organisational life (Broadbent & Laughlin, 2009; Burns & Stalker, 1966; Chenhall, 2003; Malmi & Brown, 2008; Merchant & Van der Stede, 2007; Ouchi, 1979). By encompassing multiple structures and measures, PMSs maintain ongoing monitoring processes as well as create unity between organisations and individuals through collective self-reflection and conversations on organisational performance (Chan, 2004; Chenhall, 2003; De Haas & Kleingeld, 1999; Flamholtz, Das & Tsui, 1985; Merchant, 1985).

Likewise, *identity* scholars from the disciplines of organisational behaviour, communication and marketing extensively discuss strategies for creating positive unity and guiding members to accept desired organisational directions (Ashforth & Mael, 1996; Dutton, Roberts & Bednar, 2010; Gioia, 1998; Pratt & Foreman, 2000). These collective identities of organisations and groups can be explained as 'central, enduring and distinctive' characteristics described by members (Albert & Whetten, 1985). These identities are enacted by means of communication, symbols and behaviour (Melewar & Karaosmanoglu, 2006; Van Riel, 1995). On the other hand, *identification*, as 'the perception of oneness with or belongingness to some human aggregate' (Ashforth & Mael, 1989, p. 21), aims to achieve a high degree of perceived congruence between individual and organisational identity (Dukerich, Golden & Shortell, 2002; Foreman & Whetten, 2002; Whetten, 2007, p. 262). Thus, *identification processes* describe iterative interplays between collective and individual identities over time (Ashforth, Harrison & Corley, 2008).

The review of both accounting and identity literatures points to the concept of 'control' as a way of achieving an organisational goal (De Haas & Kleingeld, 1999; Flamholtz et al., 1985; Merchant, 1985; Ouchi, 1979; Simon, 1976; Tompkins & Cheney, 1985). This review provides an integrated approach to control, leveraging the strengths of disciplinary studies. For instance, management accounting literature provides a stronger theoretical foundation for 'hard' controls of frameworks, systems and measures, whereas identity literature articulates 'soft' controls ranging from tangible organisational symbolic and communicative forces to intangible cognitive aspects of individual intrinsic motivations. As such, the collaboration of the two literatures can contribute to conceptualising the relationships between control, PMSs and collective identities, and operationalising multidisciplinary forms of knowledge in practice.

In reflecting on this notion, this paper aims to explore how various forms of control, through the use of PMSs, mediate identification processes, emphasising the dual locus of control—

collectives and individuals—to understand the relationship between control and identities. By heightening individual members' contributions, this paper argues that PMSs provide top-down 'mechanistic' as well as 'organic' form of controls (Chenhall, 2003; Tompkins & Cheney, 1985) that create conditions for, and stimulate, bottom-up individual self-control. Through routinised performance measurement activities and conversations, individuals make their own decisions in support of organisational premises embedded in PMSs. Reflecting, structuring, measuring and communicating of desired organisational characteristics (e.g. innovative and customer-focused) through the PMS can enable individuals to identify with and internalise those characteristics. In that regard, the positive outcome of the PMS mediation is not only goal congruence but greater overlaps between desired 'central, enduring and distinctive' (Albert & Whetten, 1985) characteristics of collectives and individuals. However, this paper does not promote PMSs as a substitute to organic controls; rather it illustrates how PMSs and identities become both means and outcomes, subjectively negotiated and shaped by the dynamic interactions of collectives and individuals.

To explore these arguments, the next section discusses various forms of control, emphasising the importance of soft control and identification from both literatures (Chenhall, 2003; Ouchi, 1979; Tompkins & Cheney, 1985). The third section explores the concepts of collective identities, identification and identification processes from the identity literature. The fourth section then explains the relationship of control, PMSs and identification processes, highlighting the interplay between top-down collectives and bottom-up individuals. Finally, the theoretical and practical implications and contributions of this paper to management accounting research are presented.

2. PMSs, control and identification: Dual form and locus of control

A considerable amount of research has been conducted on the definitions and frameworks of MCSs and PMSs over the past three decades (Merchant & Otley, 2007). One of the influential views on MCSs is Anthony's (1965) three processes of strategic planning, management control and operational control. Anthony (1988, p. 10) defines management control as 'the process by which managers influence other members to implement the organisation's strategies'. It comprises planning, coordinating, communicating and evaluating activities and information (Anthony, 1988). Similarly, Simons (1990, p. 128) explains MCSs as the 'formalised procedures and systems that use information to maintain or alter patterns in organisational activity'. Simons (1995, pp. 156–157) introduces four levers of control, valuing not only traditional diagnostic and boundary controls but also belief and interactive controls. Otley (1999), in contrast, develops a descriptive performance management framework based on five 'what' questions—key objectives, strategies and plan, level of performance, rewards and information flow. This framework has been extended to twelve questions incorporating contextual and cultural factors (Ferreira & Otley, 2009). As a result, the conceptualisation of PMSs as MCSs has been challenged to broaden the boundaries, applying multiple paradigm lenses. Various models such as the performance pyramid (Lynch & Cross, 1994), performance prism (Neely & Adams, 2001), shareholder value analysis (Rappaport, 1998) and the balanced scorecard (Kaplan & Norton, 1992) claim their integrative capacity as PMSs.

One such challenge in conceptualising MCSs has been expressed by Merchant and Otley (2007, p. 785), who assert that 'everything in the organisation is included as part of the overall control system'. Similarly, many authors explain the nature of control as a continuous spectrum, ranging from mechanistic to organic (Burns & Stalker, 1966); managed/formal to

unmanaged/informal (Burns & Vaivio, 2001); direct to indirect (Agyemang, 2009); bureaucratic to clan (Govindarajan & Fisher, 1990; Ouchi, 1979); diagnostic to interactive (Simons, 1995); instrumental/transactional to communicative/relational (Broadbent & Laughlin, 2009); administrative to cultural (Malmi & Brown, 2008); bureaucratic to patriarchal (Whitley, 1999); action to personnel/cultural (Merchant & Van der Stede, 2007) and rational to natural (Boland & Pondy, 1983; Scott, 1981). To encapsulate the debates, Chenhall (2003) further categorises those conceptualisations into two forms: 'more mechanistic' and 'more organic'. More mechanistic controls 'rely on formal rules, standardised operating procedures and routines', while more organic controls are 'flexible, responsive, involve fewer rules and standardised procedures and tend to be richer in data' (Chenhall, 2003, pp. 131–132). While acknowledging the uniqueness of various taxonomies, this paper uses Chenhall's categorisation, as it captures the essence of different forms of control discussed in management accounting literature.

In fact, there is an underlying acknowledgement in the literature that mechanistic or bureaucratic authority is not sufficient for many complex organisations (Boland & Pondy, 1983), as 'less obtrusive forms of control... are also implemented to influence behaviour and create desired cultural shifts' (Abernethy & Chua, 1996, p. 573). In understanding this wide spectrum of control, those working from the functional paradigm have been concerned with structural efficiency from more mechanistic control, and many contingency-based studies perceive MCSs as a decision-making tool for managers (Chenhall, 2003, p. 129). However, this approach has its limitations for understanding the processes and outcomes of organic controls, which involve qualitatively different cultures, norms, coordination and interdependence within groups and individuals. Consequently, those working from alternative perspectives, such as naturalistic, institutional or structuration theorists (Baxter & Chua, 2003), have started to disentangle this complexity through the interpretive lens. They see that management accounting practices are a socially constructed reality best viewed through members' interactions (Burns & Scapens, 2000; Busco, Quattrone & Riccaboni, 2007; Dillard, Rigsby & Goodman, 2004; Modell, 2001, 2007; Seal, 2010; Siti-Nabiha & Scapens, 2005). PMSs are now understood as not only the means but also outcomes of subjective negotiation of organisational actions (Broadbent & Laughlin, 2009). Although scholars from interpretive and critical perspectives heighten the significance of the role of individuals or collective agents (Ahrens & Chapman, 2000; Covalleski & Dirsmith, 1983, 1986, 1988; Covalleski, Dirsmith, Heian & Samuel, 1998; Empson, 2004), the focus of management accounting research mostly remains at managerial, organisational or institutional levels.

To heighten the salience of the *roles of individuals* in control processes, this paper reinstates one micro level of analysis discussed in management accounting literature: how to achieve goal congruence between individuals and organisations (Bruggeman, 2004; Chan, 2004; De Haas & Kleingeld, 1999; Flamholtz et al., 1985; Merchant, 1985; Ouchi, 1979). Various scholars (Chenhall, 2003; Flamholtz et al., 1985; Malmi & Brown, 2008; Merchant & Van der Stede, 2007) describe MCSs as a way that organisations or individuals with a higher authority influence subordinates' decisions and behaviours. However, Flamholtz et al. (1985) emphasise goal congruence as 'a powerful theoretical foundation', as 'people internalise organisational goals and thus behave in ways that lead to achievement of these goals' (p. 36). To do this, the use of more organic controls has been recognised as an effective strategy.

Specifically, Ouchi (1979) introduced 'clan' control, emphasising the importance of identification and internalisation of organisational value (see Table 1). In general, clan control requires not only a 'norm of reciprocity' and 'legitimate authority' required for

‘market’ and ‘bureaucracy’ controls, but also ‘shared values and beliefs’ as a social agreement (Ouchi, 1979, p. 838). Clan control relies on a deeper level of congruence between individual and organisational goals, and strong commitment to organisationally valued behaviours (Ouchi, 1979, p. 839). Both bureaucratic and clan control requires ‘identification’, while clan control further requires ‘internalisation’ where the goals of individuals become identical to those of their organisation (Ouchi, 1979, p. 842), relying on people’s sense of ‘self-control’ (Ouchi, 1979, p. 841). In this context, this paper highlights the roles of MCSs that not only encompass a mechanistic system of generating compliance but also generate the organic influence of stimulating identification and internalisation from individuals’ self-control.

Table 1. Summary of Ouchi’s (1979) control requirements: Dual locus and form of control

Locus of control	Forms of control			Control requirements
	Market	Bureaucracy	Clan	
Collective	x	x	x	Norm of reciprocity (Prices)
		x	x	Legitimate authority (Rules)
			x	Shared values and beliefs (Traditions)
Individual	x		x	Internalisation
		x	x	Identification
		x		Compliance

Likewise, identity and communication scholars also emphasise the organic forms of control and identification. For example, Tompkins and Cheney (1985) introduced the term ‘concertive’ control, emphasising the shift of the locus of control from management to individual employees who are encouraged to act in participative ways to support organisational directions. In monitoring and regulating performance, concertive organisations often implement total quality management and team-based upward reporting within a broad vision and mission set by management (Cheney, Christensen, Zorn & Ganesh, 2004; Modell, 2009). In this process, member participation in measurement activities and conversations can accelerate the creation of shared identities (Alder & Tompkins, 1997; Tompkins & Cheney, 1985). Therefore, concertive control also emphasises the dual locus of control through the full spectrum of top-down organisational regulation to individual level self-control in the decision-making processes.

Importantly, Tompkins and Cheney (1985) also argue that *identification* is the essence of this organic form of control. When a person evaluates the numerous choices available when making decisions, the process of identification reduces the range of choices by selecting particular values and behavioural patterns exclusive to others, so that members can see that with which they need to identify (Simon, 1976; Tompkins & Cheney, 1985). Through the identification process, organisational objectives can be achieved without constant obtrusive ‘external stimuli’ (Simon, 1976). However, when evaluating competing targets in complex organisations, members may hold multiple identifications with organisational premises and the preservation of subunit loyalties. Organisations thus achieve their purpose where they reduce the tensions between opposing identification targets through the careful allocation of the decision-making function (Kramer, 2006; Simon, 1976; Tompkins & Cheney, 1985).

To achieve positive identification, various scholars (Cheney & Tompkins, 1987; Cornelissen, 2004; Smidts, Pruyn & van Riel, 2001) consider *communication* to be a key factor. Tompkins & Cheney (1985, p. 189) provided an example of disseminating a new major premise: ‘Quality was to become the number one priority’. The communication of the organisationally

valued premise (e.g. quality replacing quantity) encourages members to fill in a minor premise (e.g. we are now challenged to reprioritise our work for quality) and then draw their own conclusions (e.g. we will support quality as the highest priority through workplace behaviour) in line with the desired organisational premise. To compensate for uncontrolled communication environments, organisations can tighten the identification process by adopting mechanistic controls, such as upward feedback or systems to ‘detect and discourage deviation’ (Tompkins & Cheney, 1985, p. 197). In this context, the effective use of PMSs providing both mechanistic and organic control strategies can guide such deviation. Then, organisations are challenged not only to structure a functional mechanism and subtle communication processes, but also to understand the informal process of decisional premises and identifications among members. Therefore, this more fine-grained understanding of organic control and identification reinforces the significance of the interpretive dimensions in understanding intrinsic motivations and elaborates rhetorical processes that maximise functional efficiency.

In summary, both literatures provide various typologies of control, and recognise the value of organic control and identification. In this context, this paper highlights the roles of MCSs that not only encompass a mechanistic system of generating compliance but also generate the organic influence of stimulating identification from individuals, encouraging them to make their own decisions in line with organisational premises embedded in PMSs. What is important here is to value individual power in completing organic control and identification processes. More importantly, the outcome is not merely goal congruence and commitment, but increasing overlaps between central, enduring and distinctive characteristics of collectives and individuals (Albert & Whetten, 1985). In order to further establish the theoretical connection between control and identification processes, the next section discusses the concepts of collective identities, identifications and identification processes.

3. Collective identities, identifications and identification processes

While the meaning of identification was mostly interpreted as goal congruence in management accounting literature, it is essential to examine the origins of identity, identification and related concepts from the multidisciplinary framework of communication, marketing, strategy, organisational behaviour and social psychology. Defining identity in the organisational context has become a challenging task, due to the recognition of its multiple and evolving nature, and the conceptual interrelationships with image, reputation, culture, commitment and climate. Consequently, it is useful to disentangle the conceptual demarcations discussed in the literatures.

Identity in the organisational context can be explained as ‘the set of constructs organisational members use to describe what is central, enduring and distinctive’ characteristics (Albert & Whetten, 1985) of collectives, which are commonly enacted as communication, symbols and behaviour (Melewar & Karaosmanoglu, 2006; Van Riel, 1995). This paper adopts the term ‘*collective identity*’ to characterise the process of shaping groups, in comparison to ‘individual identity’ in the organisational context. On the other hand, *image and reputation* are, in general, considered the external stakeholder’s perception of the organisation’s identity that is embedded in deep *culture* and in turn expresses its cultural understanding (Downey, 1986; Hatch & Schultz, 2004, p. 379; Stuart, 1999). While *commitment* is a broad concept comprising both ‘the subjective state of organisational identification’ and ‘attitudinal outcomes’ of individuals (Edwards, 2005, p. 220), *climate* focuses on the ‘enduring quality of the total environment’ (Peterson, Wilderom & Ashkanasy, 2000; Tagiuri, 1968, p. 25), rather

than the organisation itself. While straddling the boundaries of these multiple ideas, identity is valued as the key concept interconnecting micro and macro levels and internal and external members' perceptions, which are more compatible with the horizontal and vertical structural conditions and outcomes of PMSs.

As a more fluid concept understood as 'the process of emerging identity' (Scott, Corman & Cheney, 1998, p. 304), a growing body of studies focuses on the conceptualisation of *identification* (Ashforth et al., 2008; Dutton & Dukerish, 1991; Edwards, 2005; Foreman & Whetten, 2002; Gioia, Schultz & Corley, 2000; Pratt & Corley, 2007; Pratt & Foreman, 2000; Whetten, 2007). Identification can be defined as 'the perception of oneness with or belongingness to some human aggregate' (Ashforth & Mael, 1989, p. 21), or 'the degree to which a member defines him or herself by the same attributes that he or she believes define the organisation' (Dutton, Dukerich & Harquail, 1994, p. 239). However, above all, identification reflects the different degrees of perceived congruence between individual and organisational identity (Dukerich et al., 2002; Foreman & Whetten, 2002; Whetten, 2007, p. 262). As such, identification here implies not only 'identification' with and 'internalisation' of goals of collectives (Kelman, 1958; Ouchi, 1979), but also negotiated overlaps of 'central, enduring and distinctive' characteristics of collectives and individuals.

However, one of the critical challenges in creating a greater overlap is the presence of identity multiplicity. Single identity interpretation is problematic in a large, complex organisation because multiple identities and identifications from individuals coexist inconsistently over time. For instance, multiple collectives exist by organisational functional structure (e.g. team, workgroup and department) as well as cross-cutting networks (e.g. union, local and social interests) (Ashforth et al., 2008, p. 347). Those multiple identities become more complex in their overlapping with professional, generic and national identities (Alvesson & Robertson, 2006; Covaeski et al., 1998; Empson, 2004; Grey, 1998; He & Balmer, 2005; Jack & Lorbiecki, 2007; Järvinen, 2009). The complex web of identities makes the understanding of identifications a challenging task.

While debating the concept of multiple identities and identifications, various authors focus on a common phenomenon of *identification processes*: how identifications occur (Ashforth et al., 2008; Ashforth, Rogers & Corley, 2010; Hatch & Schultz, 1997; Pratt, 1998; Scott et al., 1998). Recently, Ashforth, Harrison and Corley (2008) introduced a process model of identification. Explicating the interplay between organisation and individual levels, their model connects the top-down processes of *sensebreaking* and *sensegiving* and the bottom-up processes of *interpreting*, *enacting identities* and *constructing identity narratives* (Ashforth et al., 2008). Figure 1 illustrates their model.

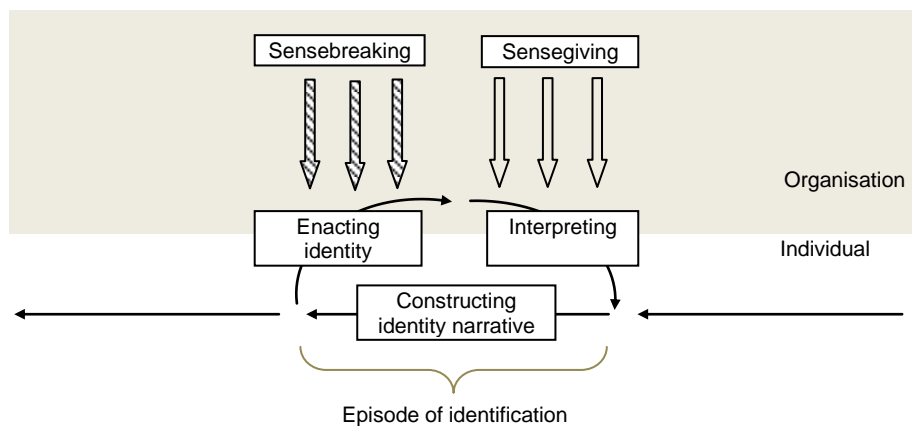


Figure 1. A process model of identification (Ashforth et al., 2008, p. 341)

In exploring *the top-down identification process*, first, *sensebreaking* involves ‘the destruction or breaking down of meaning’ to ‘disrupt an individual’s sense of self’ to align to their organisation (Pratt, 2000, p. 464). It asks fundamental questions of the individual, such as ‘who am I?’ and ‘what are my goals and values?’ (Ashforth et al., 2008, p. 342). To illustrate, Pratt (2000) explains the ‘dream building exercise’ that Amway distributors use to disrupt an individual’s perception of self to redirect to new organisational goals. Second, working ‘in tandem’ with sensebreaking (Ashforth et al., 2008, p. 343), *sensegiving* relates to ‘the process of attempting to influence the sensemaking process...meaning construction of others toward a preferred redefinition of organisational reality’ (Gioia & Chittipeddi, 1991, p. 442). To generate sensegiving, identity scholars extensively discuss how to create organisational prestige and distinctiveness (Cheney, 1983; Dutton et al., 1994; Mael & Ashforth, 1992; Smidts et al., 2001) or how to effectively use materials as the source of positive meaning for individuals to project and achieve their ideal identities (Pratt, 2000). Through this top-down process, collectives influence an individual’s perception to achieve a high level of identity congruence (Dutton et al., 1994; Mael & Ashforth, 1992; Smidts et al., 2001).

In turn, those top-down processes at the collective level generate concertive pressure on individuals to continue *the bottom-up identification processes*. First, *sensemaking* is ‘the meaning construction and reconstruction by the involved parties as they attempted to develop a meaningful framework for understanding the nature of the intended strategic change’ (Gioia & Chittipeddi, 1991, p. 442). Hence, Weick (1995, p. 30) argues that individuals interpret organisational messages and further learn their identity by producing ‘part of the environment they face’. Second, as the continuation of sensemaking and projected activities (Scott et al., 1998), Ashforth et al. (2008, p. 344) explain the *enactment of identity* with three indicators: (1) ‘identity marker’ such as organisational visual identity and interior as symbolic enactment (2) ‘performance outcomes’ such as outputs and tangible measures and (3) ‘behaviour itself’ in their performance and conformity to organisational rules. Identity scholars interpret this enactment as the tangible manifestation of identity (Van Riel, 1995), or identity products (Cornelissen, Haslam & Balmer, 2007), at both collective and individual levels. Finally, completing the bottom-up process, individuals *construct identity narratives* (Ashforth et al., 2008). Identification processes are conducted and expressed primarily through language and communication (Christensen & Cheney, 2000; Tompkins & Cheney, 1985), and narratives construct both individual and organisational identities (Boje, 1995). Narratives are constantly and retrospectively being rewritten to project current and future identity, enabling members

to ‘simultaneously accomplish change and consistency’ (Ashforth et al., 2008, p. 345). Therefore, individuals exercise their own power to form meanings about collectives and themselves, enact identity and construct identity narratives during the bottom-up processes of identification.

Overall, the conjoining dynamics of macro and micro processes become *an episode of identification* (Ashforth et al., 2008, p. 341). This model clearly identifies the interplay between collectives and individuals to create identity congruency, from a process view. Multiple episodes of identifications elaborate the transformation of both individual and collective identities over time. This paper adopts this identification process model with a view to providing a synthesised analysis with the dual form and locus of control through the use of PMSs.

4. Relationships between control, PMSs and identification processes

The previous sections established the theoretical boundary of control, PMSs and identity for this paper, highlighting the importance of individual power in organic control and identification processes. Building on the discussion, this section examines how various controlling strategies through the use of PMSs mediate identification processes. This discussion ranges from mechanistic control of generating sensebreaking effects and structural conditions, to organic control of providing sensegiving to foster individuals’ sensemaking, enacting identity and constructing identity narratives. The key controlling strategies, summarised in Table 2, are explained in this section.

Table 2. Forms of control and use of PMS mediating identification processes

Forms of control	Locus of control	Controlling strategies by the use of PMS mediating identification processes
More mechanistic	Collective	<ul style="list-style-type: none"> • ‘Sensebreaking’ by the introduction of systems and rules that formalise the routinisation of monitoring, reporting and feedback • Provision of structural conditions for organic control to generate periodic ‘sensegiving’, ensuring individuals participation in PMS activities and feedback learning
More organic	Collective	‘Sensegiving’ relying on flexible and reflexive controls to encourage individuals to accept collective premises embedded in PMS, such as: <ul style="list-style-type: none"> • Unique design of PMS perspectives, measures and structures reflecting desired collective premises • Symbolic representation and communication of organisationally valued premises through PMS • Information filtering by selective promotion and diffusion of performance outcomes engaging relevant collective individuals
	Individual	‘Sensemaking’, ‘enacting identity’ and ‘constructing identity narratives’, where individuals make their own decision in accepting collective premises embedded in PMS and through PMS activities and conversations, such as: <ul style="list-style-type: none"> • Meaning construction of top-down premises • Production of symbolic measurement data and reports, performance outcomes and behavioural changes • Periodic narratives about past, current and future identities reconstructing the meanings of self and collectives

In exploring *the relationship between control, PMSs and the top-down identification processes* of ‘sensebreaking’ and ‘sensegiving’, scholars (Hoque, 2003; Kennedy & Fiss, 2009; Modell, 2009; Reger, Gustafson, Demarie & Mullane, 1994; Spencer, 1994) generally suggest that *mechanistic control* can fundamentally shift evaluation logics and organisational thinking by reframing structural conditions. It provides a sensebreaking lever. For instance, by introducing new a PMS, organisations disrupt individuals’ sense of what is meaningful in their work to allow them to see the gap between actual and desired organisational identities (Reger et al., 1994). It leads individuals to discursive conversations about their organisation and self. However, radical sensebreaking can make an identity gap too wide (Higgins, 1987), and individuals may resist new premises embedded in the PMS. Therefore, to mitigate such resistance, the provision of sensegiving activities to gain individuals’ acceptance is essential (Reger et al., 1994). In this context, mechanistic control provides rules and routines that become structural conditions for sensegiving, where organisations subtly constrain and enable individuals to reflect organisational reality. This structural guidance maintains the periodic monitoring and upward feedback reporting necessary to recognise identity tensions and deviations. As such, the effective use of PMSs at the collective level can mediate top-down identification processes.

Under the functional structure of PMSs, the less obtrusive form of *organic control* also generates sensegiving effects (Ouchi, 1979; Simons, 1995; Tompkins & Cheney, 1985). It relies on flexible and reflexive controls to encourage individuals to accept collective premises. Examples of less obtrusive controlling strategies include (1) the unique design of PMSs perspectives, measures and levels (2) symbolic representation and communication of desired organisational premises using PMSs and (3) information filtering by promotion and diffusion of relevant measures. First, the modification of the *perspectives and measures* of PMSs, reflecting unique collective visions and strategies, encourages individuals to accept the collective premises embedded in PMSs (Cokins, 2004; Nilsson & Rapp, 1999). Inclusion of identity measures in PMSs can also routinise individuals to periodically monitor and reflect ‘who they are’, ‘what they do’ and ‘how they do it’. In addition, scholars (Chenhall, 2003, p. 136; Kaplan & Norton, 2006, 2008) suggest that the modification of PMS *structures*, such as the cascading and alignment of multiple balanced scorecards, may provide a mechanism to control plurality and synergy of multiple identities and to pattern unique meanings of organisations and groups. Second, there is evidence that the effective use of PMSs as a symbol and communication tool has proven to be a sensegiving act. PMSs, incorporating organisational visual identity and values, can legitimise organisations in a broad institutional environment (Bovaird & Gregory, 1996; Glynn & Abzug, 2002; Pratt & Rafaeli, 1997; Van den Bosch, Elving & de Jong, 2006). Of course, in the management accounting literature, a number of case studies support the argument about its sensegiving effects of PMSs, by communicating vision and strategies to business units and individuals (Lingle & Schiemann, 1996; Malina & Selto, 2001; Ritter, 2003). Third, although PMSs are regarded as a partial and selective reflection of organisations (Roberts & Scapens, 1985, p. 454; Wehmeier, 2006), the selective promotion or diffusion of measurement outcomes to relevant audiences in fact filter information to guide members easily to see the desired target of identifications.

Therefore, multidirectional strategies of the implementation of a new PMS using mechanistic controls, and the unique design reflecting desired identity, symbolic communication and information filtering as organic controls mediate the top-down identification processes of sensebreaking and sensegiving. These processes disrupt individuals’ sense of self, allow them to see identity gaps and reduce the range of choices for individuals when evaluating

competing identification targets. In other words, individuals can see the target with which they need to identify embedded in and through PMSs.

Guided by top-down sensebreaking and sensegiving, individuals also exercise their own power to participate in *organic control through PMSs* and *the bottom-up identification processes*. As Emirbayer and Mische (1998) argue, individuals not only perform routines but also shape future actions through retrospective-prospective process of anticipatory identification, narrative construction and symbolic recomposition. Similarly, Ashforth et al. (2008) examine the processes and outcomes of ‘sensemaking’, ‘enacting identities’ and ‘constructing identity narratives’ as individual bottom-up identifications. In exploring the mediating role of PMSs on Ashforth et al.’s (2008) three individual processes, it is evident in the literature that individuals make their own decision to accept collective premises embedded in and through PMS activities and conversations. This results in identification with collectives and reconstruction of self and collective identities over time.

First, management accounting scholars, drawing on organisational studies, generally interpret a PMS as a top-down *sensemaking* device using diverse interpretive lenses (Boland, 1993; Boland & Pondy, 1983; Jönsson, 1987; Macintosh & Scapens, 1990; Phillips, Lawrence & Hardy, 2004; Seal, 2010; Tillmann & Goddard, 2008; Weick, 1995). In particular, Boland (1993) explains how management accounting influences the interpretive process. Boland (1993, p. 140) argues that individuals make sense of the organisation by writing accounting reports that give meaning back to themselves and to the organisation. Similarly, Tillmann and Goddard’s (2008) case study explores how a strategic management accounting system similar to the balanced scorecard mediates the sensemaking processes—structuring and harmonising, bridging and contextualising, and comprising and balancing—affecting individual management accountants. However, explicit conversations regarding sensemaking and identity (re)formation through performance measurement are minimal (Gendron & Spira, 2010; Van der Steen, 2009). This suggests that an alternative pathway accounting for such processes is needed.

Second, as a step concurrent with sensemaking, individuals *enact identities* through the production of symbolic measurement data and reports, performance outcomes and behavioural change (Ashforth et al., 2008). Tillmann and Goddard (2008, p. 89) explain that management accountants prepare information using symbolic effects of data and cause and effect relationships to help others to make sense of organisations. Nilsson and Rapp’s (1999) case study emphasises that individuals change their behaviour through the process of comparing and analysing performance outcomes, and meaningful dialogues on strategic and operational issues. In turn, accounting becomes ‘one of the major formal sets of symbols’ (Boland & Pondy, 1983, p. 224), and a PMS is ‘a symbol of a new organisational regime’ (Andon, Baxter & Chua, 2007, p. 279). Further, De Haas and Kleingeld (1999, p. 234) argue that quantification of measurement is the adding of symbolic figures to organisations, and Covalesski, Dirsmith and Samuel (1996) interpret management accounting as part of a large cognitive belief system that reflects organisational norms and acceptable behaviour. Therefore, it is generally agreed that PMSs influence individuals to enact identities and, conversely, are shaped by individuals.

Third, sensebreaking, sensegiving, sensemaking and enacting identity—enabled and constrained by PMSs—periodically pressures individuals to *construct identity narratives*. Individuals shape their sense of both collectives and themselves by integrating particular narratives over time (Alvesson, 1993; Alvesson & Robertson, 2006; Gendron & Spira, 2010).

Boland and Pondy (1983, p. 224) explain that ‘as a language, accounting provides categories for discourse that reflect both rational and natural aspects of organising’. Roberts and Scapens (1985, p. 448) also argue that accounting, acting as a language, provides individuals the opportunity to reflect, understand and shape organisational reality through comparative data. Similarly, Tillmann and Goddard (2008) emphasise the importance of sense communication for individuals to understand organisational directions and communicate back to management for effective decision-making. Individuals, by communicating a sense of collectives through measurement activities, constantly write and rewrite identity narratives.

Overall, this section demonstrates the possibilities to control identity using PMSs in obtrusive and unobtrusive ways. This synthesised analysis provides insights into how to use PMSs, generating the spectrum of mechanistic and organic control strategies that mediate identification processes. As a response, a model drawing on Ashforth et al. (2008) is offered to capture the processes whereby a PMS becomes a control mechanism for the alignment of individual and collective identity. Figure 2 illustrates the overall discussions of this section elaborating an episode of identification mediated by a range of controlling strategies using the PMS.

Figure 2. Adopted identification processes (Ashforth et al., 2008, p. 341) mediated by a range of controlling strategies using a PMS

However, the completion of one episode of top-down and bottom-up identification process may not actually change the degree of identifications, but instead requires *multiple episodes of identifications* (Ashforth et al., 2008; Pratt, 1998). In this context, mechanistic control of PMSs provides periodic transactional environments (Broadbent & Laughlin, 2009) that sustain multiple episodes over time. Rules and routines of PMSs periodically generate sensebreaking and sensegiving effects; individuals then change and stabilise the boundaries between the self and collective identities (Ashforth et al., 2008, p. 340; Ashforth et al., 2010; Harquail, 1998). Multiple levels of PMSs and the communicative reality, achieved by disseminating relative trend data at horizontal and vertical levels, potentially influence individuals to identify with multiple collective identities. In all, completing several episodes of identifications—mediated by both obtrusive and unobtrusive control of PMSs—connects past, current and future identities, monitoring and mediating the degree of identity congruency between collectives and individuals over time.

Further, a salient aspect of understanding the relationship between control, PMSs and identification processes is that both identities and PMSs are not only means of top-down collective controls, but also outcomes of dynamic interactions, negotiation and agreement by qualitatively different collectives and individuals. PMSs reflect and enact the desired meanings of collectives as identity products, in turn negotiating evolving meanings of collectives and individual periodically. Likewise, identities also shape and are shaped by the dynamic processes of PMSs. Consequently, effective design and use of PMSs reflecting desired identity directions can generate positive identities achieving organisational performance.

5. Conclusion

This paper has explored the relationship between forms of control, PMSs and identification processes, drawing from the theoretical insights of the disciplines of both management accounting and identity studies. From a theoretical perspective, this synthesised review demonstrates that PMSs can provide mechanistic control as well as organic pressure on individuals to reflect on themselves, negotiate reality and transform collective and individual identities. In this process, the importance of mechanistic forms of control has been reaffirmed to maintain functional efficiency and provide structural conditions for the operation of organic control. Particular attention is given to the dual locus of, and the interplay between, collectives and individuals in identification processes, while the controlling effects and outcomes of PMSs in each step of the identification process are emphasised. This view reinforces the necessity of understanding multidirectional effects of PMSs in assimilating central, enduring distinctive natures of collectives and individuals, beyond the achievement of organisational goals. Organisations and groups can be restructured or collapsed by a financial crisis. However, the evolving nature of collective identities stimulated by PMSs has been materialised as performance outcomes and also implanted as part of individual identities. Eventually, PMSs and identities continue to become both means and outcomes by the dynamic interactions of collectives and individuals in identification processes.

As a practical application, management accountants can take a leading role to achieve a high level of identity congruency by guiding members to support organisational premises using PMSs. To do this, management accountants need to exercise a broadened skill set to provide both tight authority and soft influence to create intrinsic motivation for individuals to achieve such alignment. Flexible leadership skills are also required to apply various types of control strategies applicable to qualitatively different organisations and groups. In doing so,

management accountants will more effectively facilitate organisational change and innovation, and engage in strategic decision-making within multiple levels of an organisation.

This approach calls for the mobilisation of attention to functional activities and interpretive processes that are occurring in organisations to simultaneously recognise effective mechanisms and understand evolving identities generated by the use of PMSs. Functionalist analysis from contingency theories makes it possible to define the effective design and use of PMSs and to explain the static meanings and contexts of identities. On the other hand, to develop effective functional systems to mobilise less obtrusive organic controls, it is necessary to use the interpretive approach and narrative analysis to better explicate the essence of how PMSs mediate the subjective, relative, circular and conflictual processes of identity-making through interactive conversations. Further efforts of marrying various quantitative measures developed in the identity literatures with PMS and intellectual capital frameworks developed in the management accounting would contribute towards producing quantified meanings on identities and identifications periodically.

More research is required on the reciprocal relationship between PMSs and identities, how to negotiate conflicting multiple identities and the enactment of symbolic recomposition and performance outcomes by the use of PMSs. In order to further elaborate employees' perspectives, investigations of organisations that have fully integrated PMSs down to the individual level could provide informed data for future research. More emphasis on language and narrative aspects of identification processes could also provide scripts to enhance understanding of the effects of various forms of control. Application of structuration (Coad & Herbert, 2009; Giddens, 1984; Macintosh & Scapens, 1990) and institutional (Burns, 2000; Burns & Scapens, 2000; Kennedy & Fiss, 2009; Siti-Nabiha & Scapens, 2005) frameworks could also open up dynamic discussions on the interactions between actors and multiple structures, such as MCSs and identity.

Overall, this paper, written from a multidisciplinary approach, emphasises the potential for the effective use of PMSs to mediate identification processes, applying various forms of control as a developmental process. PMSs can become both organic and powerful as an organisational communication and symbolic tool in performance and identity management. By paying attention to dual forms and locus of control, this paper proposes both obtrusive and subtle ways of using PMSs to mediate the nature of collectives and individuals in organisational life.

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